

SUBSTANCE ABUSE SERVICES CENTER
FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
AND
INDEPENDENT AUDITORS' REPORTS

SUBSTANCE ABUSE SERVICES CENTER
JUNE 30, 2008 AND 2007

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SUBSTANCE ABUSE SERVICES CENTER

Board of Directors

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dan Avenarius	President	June 2009
Clifford Bunting	Vice-President	June 2009
Jack Young	Secretary	June 2009
Leo Hickie III	Treasurer	June 2010
Traci Suarez	Member	June 2011
Dorothy Schlueter	Member	June 2009
Jerome Thomas	Member	June 2009
Sheila Freiburger	Member	June 2009
Lou Fuller	Member	June 2009
Peggy Petlon	Member	June 2010
Cari Tharp	Member	June 2009
Diane Thomas	Executive Director	Indefinite

Independent Auditors' Report

To the Board of Directors
Substance Abuse Services Center

We have audited the accompanying statements of financial position of Substance Abuse Services Center (a nonprofit organization), as of June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Substance Abuse Services Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Substance Abuse Services Center as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2008, on our consideration of Substance Abuse Services Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Expenditures of Federal Awards on page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

JIM KIRCHER & ASSOCIATES, P.C.

Dubuque, Iowa
October 3, 2008

SUBSTANCE ABUSE SERVICES CENTER

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets:		
Cash	\$ 376,629	\$ 349,100
Certificates of Deposit	203,089	193,576
Accounts receivable, less allowance for doubtful accounts - 2008 \$12,048 and 2007 \$11,238	26,755	28,501
Prepaid expenses	12,237	13,628
Grants receivable	60,920	34,150
Total Current Assets	<u>\$ 679,630</u>	<u>\$ 618,955</u>
Property and Equipment:		
Leasehold improvements	\$ 53,336	\$ 53,336
Office furniture and equipment	170,313	172,980
Accumulated depreciation and amortization	(188,567)	(174,177)
Net Property and Equipment	<u>\$ 35,082</u>	<u>\$ 52,139</u>
Total Assets	<u><u>\$ 714,712</u></u>	<u><u>\$ 671,094</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 15,994	\$ 21,614
Accrued salaries	6,017	6,137
Compensated absences	30,294	27,409
Accrued expenses	10,581	10,899
Total Current Liabilities	<u>\$ 62,886</u>	<u>\$ 66,059</u>
Net Assets:		
Net Assets - Undesignated	\$ 616,383	\$ 565,593
Net Assets - Board Designated for Suta Claims	35,443	39,442
Total Net Assets	<u>\$ 651,826</u>	<u>\$ 605,035</u>
Total Liabilities and Net Assets	<u><u>\$ 714,712</u></u>	<u><u>\$ 671,094</u></u>

See accompanying notes to financial statements.

SUBSTANCE ABUSE SERVICES CENTER

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
<u>PUBLIC SUPPORT AND REVENUE</u>		
Public Support:		
Iowa Department of Public Health:		
Managed Care -State Funds	\$ 493,039	\$ 465,718
Managed Care-Federal Funds	208,297	250,772
United Way	20,000	18,500
Cities	14,430	13,695
Schools	27,269	26,955
Gambling Grant	228,200	198,276
OWI III Contract	22,323	21,673
Dubuque Racing Association Grant	12,000	11,517
ICADV	29,690	7,310
U.S. Probation Office - Probation Service	21,609	10,330
Federal Bureau of Prisons	26,577	12,218
Other Public Support	6,138	7,500
Total Public Support	<u>\$ 1,109,572</u>	<u>\$ 1,044,464</u>
Revenue:		
Client Fees	\$ 215,339	\$ 234,697
Third Party Pay	178,013	179,321
Vending Revenue	-0-	192
Interest on Investments	17,253	13,002
Miscellaneous	19,079	10,600
Total Revenue	<u>\$ 429,684</u>	<u>\$ 437,812</u>
Total Public Support and Revenue	<u>\$ 1,539,256</u>	<u>\$ 1,482,276</u>
<u>EXPENSES</u>		
Program Services	\$ 1,260,055	\$ 1,194,803
Support Services	232,410	245,550
Total Expenses	<u>\$ 1,492,465</u>	<u>\$ 1,440,353</u>
Change in Net Assets	\$ 46,791	\$ 41,923
Net Assets Beginning of Year	605,035	563,112
Net Assets End of Year	<u>\$ 651,826</u>	<u>\$ 605,035</u>

See accompanying notes to financial statements.

SUBSTANCE ABUSE SERVICES CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	Program Services			Total Program Services	Total Administrative Services	Total
	Treatment	Gambling	Prevention			
Salaries	\$ 648,632	\$ 113,494	\$ 39,293	\$ 801,419	\$ 115,816	\$ 917,235
Benefits & taxes	178,848	24,723	7,989	211,560	20,909	232,469
Total Salaries & Related Expenses	\$ 827,480	\$ 138,217	\$ 47,282	\$ 1,012,979	\$ 136,725	\$ 1,149,704
Rent	65,383	9,822	1,637	76,842	4,911	81,753
Supplies & printing	42,783	9,346	716	52,845	4,417	57,262
Insurance	6,698	981	174	7,853	468	8,321
Postage	3,485	512	54	4,051	225	4,276
Dues & subscriptions	404	549	-0-	953	304	1,257
Business travel	2,821	11,547	3,772	18,140	6,799	24,939
Conferences & travel	6,989	5,457	57	12,503	1,800	14,303
Contract services	17,048	4,239	-0-	21,287	27,815	49,102
Telephone	10,436	1,466	191	12,093	6,650	18,743
Advertising	1,336	540	14	1,890	77	1,967
Small equipment & repair	5,741	9,793	25	15,559	844	16,403
Bad debts	3,265	-0-	-0-	3,265	-0-	3,265
Utilities	2,382	337	43	2,762	177	2,939
Depreciation	-0-	-0-	-0-	-0-	26,095	26,095
Miscellaneous	13,190	3,629	214	17,033	15,103	32,136
Total Expenses	<u>\$ 1,009,441</u>	<u>\$ 196,435</u>	<u>\$ 54,179</u>	<u>\$ 1,260,055</u>	<u>\$ 232,410</u>	<u>\$ 1,492,465</u>

See accompanying notes to financial statements.

SUBSTANCE ABUSE SERVICES CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	Program Services				Total Program Services	Total Administrative Services	Total
	Treatment	Gambling	Prevention	Halfway House			
Salaries	\$ 575,408	\$ 113,404	\$ 31,247	\$ 28,858	\$ 748,917	\$ 112,180	\$ 861,097
Benefits & taxes	146,830	27,025	6,115	5,058	185,028	19,744	204,772
Total Salaries & Related Expenses	\$ 722,238	\$ 140,429	\$ 37,362	\$ 33,916	\$ 933,945	\$ 131,924	\$ 1,065,869
Rent	61,793	11,026	1,412	10,889	85,120	4,969	90,089
Supplies & printing	43,516	3,572	690	730	48,508	6,848	55,356
Insurance	5,122	975	188	622	6,907	523	7,430
Postage	2,127	359	58	19	2,563	166	2,729
Dues & subscriptions	819	200	-0-	41	1,060	3,233	4,293
Business travel	2,718	14,587	4,070	569	21,944	8,753	30,697
Conferences & travel	5,851	5,579	462	64	11,956	2,945	14,901
Contract services	14,034	16	-0-	697	14,747	27,803	42,550
Telephone	11,166	2,739	255	805	14,965	4,866	19,831
Advertising	1,046	183	12	97	1,338	82	1,420
Small equipment & repair	5,944	758	242	1,028	7,972	3,438	11,410
Bad debts	3,962	-0-	-0-	1,899	5,861	-0-	5,861
Groceries	-0-	-0-	-0-	5,416	5,416	-0-	5,416
Utilities	2,233	379	47	3,313	5,972	176	6,148
Loss on sale of property & equipment	-0-	-0-	-0-	-0-	-0-	3,827	3,827
Depreciation	-0-	-0-	-0-	-0-	-0-	31,708	31,708
Suta allowance	1,041	-0-	-0-	11,951	12,992	-0-	12,992
Miscellaneous	12,307	840	167	223	13,537	14,289	27,826
Total Expenses	<u>\$ 895,917</u>	<u>\$ 181,642</u>	<u>\$ 44,965</u>	<u>\$ 72,279</u>	<u>\$ 1,194,803</u>	<u>\$ 245,550</u>	<u>\$ 1,440,353</u>

See accompanying notes to financial statements.

SUBSTANCE ABUSE SERVICES CENTER

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Cash Flows From Operating Activities:		
Cash received from patient fees	\$ 395,098	\$ 410,917
Cash received from grants	1,082,802	1,035,090
Cash received from others	19,079	10,792
Interest received	14,608	9,426
Cash paid to employees and suppliers	<u>(1,468,152)</u>	<u>(1,396,614)</u>
Net Cash Provided By Operating Activities	\$ 43,435	\$ 69,611
Cash Flows From Investing Activities:		
Purchases of Certificates of Deposit	\$ -0-	\$ (190,000)
Interest re-invested	(6,868)	-0-
Purchases of property and equipment	<u>(9,038)</u>	<u>(8,880)</u>
Net Cash Used From Investing Activities	\$ (15,906)	\$ (198,880)
Net Increase (Decrease) in Cash and Equivalents	\$ 27,529	\$ (129,269)
Cash and Equivalents at Beginning of Year	<u>349,100</u>	<u>478,369</u>
Cash and Equivalents at End of Year	<u>\$ 376,629</u>	<u>\$ 349,100</u>

Reconciliation of Changes in Net Assets to Net Cash
from Operating Activities

Changes in Net Assets	\$ 46,791	\$ 41,923
Adjustments:		
Depreciation	\$ 26,095	\$ 31,708
Loss on disposal of equipment	-0-	3,827
Non cash adjustment	(2,645)	(3,576)
Changes in Assets and Liabilities:		
(Increase)Decrease in patient accounts receivable	1,746	2,761
(Increase) decrease in prepaid expenses	1,391	(2,763)
(Increase) Decrease in grants receivable	(26,770)	(9,374)
Increase (Decrease) in accounts payable	(5,620)	(3,675)
Increase (Decrease) in accrued salaries	(120)	(2,093)
Increase (Decrease) in accrued expenses	2,567	10,873
	<u>\$ (3,356)</u>	<u>\$ 27,688</u>
Net cash Provided By Operating Activities	<u>\$ 43,435</u>	<u>\$ 69,611</u>
Non Cash Investing and Financing Activities:		
Interest earned added directly to Certificates of Deposit	\$ 2,645	\$ 3,576

See accompanying notes to financial statements.

SUBSTANCE ABUSE SERVICES CENTER

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

(1) Summary of Significant Accounting Policies

The accounting and financial reporting policies of Substance Abuse Services Center conform with U.S. generally accepted accounting principles. The following is a description of significant accounting policies.

Reporting Entity

Substance Abuse Services Center is an Iowa corporation qualifying for exemption from income tax under Section 501 (c) (3) of the Internal Revenue Code.

The Center was originally organized as the Tri-County Citizen's Committee on Alcoholism and Drug Abuse to alleviate the damage of alcoholism and drug abuse, and to reduce the incidents of alcoholism and drug abuse in Dubuque and Delaware Counties.

The Center's mission statement reads as follows:

The mission of Substance Abuse Services Center is to provide comprehensive prevention and treatment services for individuals and families experiencing problems related to alcohol and other drugs, compulsive gambling, and other addictive behaviors, and to provide affordable quality care that prepares individuals to make no risk or low risk choices in their lives.

Basis of Accounting

_____ Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

SUBSTANCE ABUSE SERVICES CENTER

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(CONTINUED)

(1) Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Substance Abuse Services Center considers all short-term instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2008 and 2007.

Receivables

Receivables are shown at the amount expected to be collected after determining the allowance for doubtful accounts based on an aging of all the individual patient balances.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment is stated at cost. Depreciation is computed by the straight-line and accelerated methods over the estimated useful lives of 3-12 years.

Compensated Absences

The Center's employees can accumulate a limited amount of earned but unused vacation and sick day benefits. Sick leave is expensed as incurred with no compensation paid for accumulated days upon termination. Amounts for accumulated vacation time have been recorded as liabilities based on current effective rates of pay and are payable upon termination.

SUBSTANCE ABUSE SERVICES CENTER

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(CONTINUED)

(1) Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue

Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense for the years ended June 30, 2008 and 2007 was \$1,967 and \$1,420 respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

All contributions are recorded as the promise to give is received and are considered to be available for unrestricted use unless specifically restricted by the donor.

SUBSTANCE ABUSE SERVICES CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

(CONTINUED)

(2) Property and Equipment

A summary of changes in property and equipment is as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Leasehold Improvements	\$ 53,336	\$ -0-	\$ -0-	\$ 53,336
Office Equipment	172,540	9,038	11,705	169,873
Education Equipment	<u>440</u>	<u>-0-</u>	<u>-0-</u>	<u>440</u>
Total	<u>\$ 226,316</u>	<u>\$ 9,038</u>	<u>\$ 11,705</u>	<u>\$ 223,649</u>

Depreciation expense for the years ended June 30, 2008 and 2007 was \$26,095 and \$31,708 respectively.

(3) Retirement Plan

The Center's Board of Directors have approved a retirement plan for the benefit of the Center's employees. The plan calls for the Center to make matching contributions of 50% of each employee's contributions to his/her individual tax sheltered annuity account up to a maximum of 3% of the employee's gross compensation. The Center made contributions totaling \$10,829 and \$10,840 relating to the matching of employee contributions for the years ended June 30, 2008 and 2007 respectively.

(4) Lease Agreements

Substance Abuse Services Center has entered into a lease agreement with Banner Investments, Dubuque, Iowa for the rental of 8,266 square feet of office space in the Nesler Center. The lease is for five years commencing on July 1, 2003 and ending on June 30, 2008. The monthly lease payment is \$4,891. There was an addendum to the lease for an additional 1,152 square feet of storage space effective on September 16, 2007. The additional monthly lease payment is \$192 with the lease term ending on June 30, 2008.

Substance Abuse Services Center has entered into a lease agreement with Property Partners LLC, Keokuk, Iowa for the rental of office space in Manchester. The lease was negotiated for five years commencing September 1, 2006 and ending August 31, 2011 with a monthly lease payment of \$1,770. The lease has a five-year renewal option with rent increases based on the consumer price index not to exceed 12%. Substance Abuse Services Center shall also reimburse the lessor for 26.4% of the utilities.

SUBSTANCE ABUSE SERVICES CENTER

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(CONTINUED)

(4) Lease Agreements (Continued)

Rental expense for the years ended June 30, 2008 and 2007 was \$ 81,753 and \$90,099 respectively.

A summary of minimum operating lease payments are as follows:

Year Ending June 30,	Manchester	Dubuque	Total
2009	\$ 21,240	\$ -0-	\$ 21,240
2010	21,240	-0-	21,240
2011	21,240	-0-	21,240
2012	3,540	-0-	3,540
2013	-0-	-0-	-0-
	<u>\$ 67,260</u>	<u>\$ -0-</u>	<u>\$ 67,260</u>

(5) Grants Receivable

Grants Receivable at June 30, 2008 and 2007 are composed of the following:

	2008	2007
Federal Bureau of Prisons	\$ 5,228	\$ 1,559
Iowa Department of Correctional Services	1,860	1,401
United States Probation Office	1,078	964
ICDAV	2,393	826
Iowa Department of Public Health - Gambling Treatment	<u>50,361</u>	<u>29,400</u>
	<u>\$ 60,920</u>	<u>\$ 34,150</u>

(6) Board Designated Net Assets

Board Designated net assets at June 30, 2008 and 2007 include the following:

SUTA Claims Account	<u>\$ 35,443</u>	<u>\$ 39,442</u>
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SUBSTANCE ABUSE SERVICES CENTER

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(CONTINUED)

(7) Center Risk Management

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

(8) Economic Dependence

The Center has entered into a contract agreement for managed care services with Magellan Behavioral Health, Inc. Managed care revenue represents 45.6% and 48.8% of total revenue for the years ended June 30, 2008 and 2007 respectively.

SUBSTANCE ABUSE SERVICES CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Schedule I

<u>Grantor/Program</u>	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Contract Program Expenditures</u>
Direct:			
Administrative Office of the United States Courts:			
Federal Bureau of Prisons	05-4107	----	\$ 26,577
United States Probation Office			
Probation Services Contract	0862-05-33	----	<u>21,609</u>
Total Direct			<u>\$ 48,186</u>
Indirect:			
United States Department of Health and Human Services:			
Iowa Department of Public Health:			
Division of Substance Abuse:			
Magellan Behavioral Health, Inc.			
Alcohol and Drug Abuse and			
Mental Health Block Grant -			
Managed Care		93.959	\$ 208,297
ICADV			29,690
United States Department of Education:			
Safe and Drug Free Schools and Communities		84.186	<u>27,269</u>
Total Indirect			<u>\$ 265,256</u>
Total			<u><u>\$ 313,442</u></u>

Independent Auditors' Report on Internal Control over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors
Substance Abuse Services Center

We have audited the financial statements of Substance Abuse Services Center, Dubuque, Iowa, (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 3, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Substance Abuse Services Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Substance Abuse Services Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Substance Abuse Services Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

This report, a public record by law, is intended solely for the information and use of Substance Abuse Services Center and other parties to whom the Center may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Substance Abuse Services Center during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

JIM KIRCHER & ASSOCIATES, P.C.

Dubuque, Iowa
October 3, 2008